

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement (“Agreement”) is entered into by and between the United States of America, acting through the Department of Justice and the United States Attorneys’ Office for the Eastern District of Pennsylvania, on behalf of the United States Department of Energy (“DOE”) (collectively all of the above will be referred to as “the United States”); and Vortec Corporation (“Vortec”), Dr. James G. Hnat, Patricia A. Hnat, Yvonne Eglinton, Glenn Eglinton (collectively referred to as the “Defendants”), and Donald Eastmond (the “Relator”) and his counsel, Miller, Alfano and Raspanti, P.C.. Collectively, all of the above will be referred to as “the Parties.”

PREAMBLE

A. WHEREAS, this Agreement addresses the United States’ civil claims against the Defendants, based on the conduct described below and the conduct alleged in the Qui Tam lawsuit captioned United States ex rel. Donald Eastmond v. Vortec Corporation et al., E.D. Pa., Civil Action No. 00-6458, (the “Civil Action”), the United States’ Notice of Intervention and the filings in the United States’ Debt Collection Act proceedings as it pertains to the above, incorporated herein by reference;

B. WHEREAS, Vortec is incorporated in the State of Pennsylvania;

C. WHEREAS, at all relevant times, the Hnats are and were the principals of Vortec and are responsible for the day to day operation of same;

D. WHEREAS, at all times material hereto, the Hnats submitted or caused to be submitted claims for payment to the United States through the United States Department of Energy; and

E. WHEREAS, the United States alleges that:

Between 1998 and early 1999, Vortec, the Hnats and the Eglintons submitted or caused to be submitted false and fraudulent invoices to DOE for reimbursement of purchase orders totaling \$2,391,235 under METC contract DE-AC21-92MC29120. Vortec, the Hnats and the Eglintons facilitated the fraudulent submission of claims by issuing fictitious purchase orders for materials and equipment. Based on these invoices, DOE reimbursed Vortec for the full amount requested. After receiving reimbursement, Vortec, the Hnats and the Eglintons either canceled the orders that had been placed for materials and equipment or did not place the orders at all. Rather than returning the money paid by DOE for these materials, Vortec, the Hnats and the Eglintons retained the money.

Vortec, the Hnats and the Eglintons attempted to hide their fraudulent over-billing by setting up a Deferred Revenue account on their books in the amount of \$2,186,543. After the creation of this account, the Hnats and the Eglintons then devised a separate scheme designed to reduce the Deferred Revenue account in an effort to permanently deprive the United States of the illegally acquired funds.

The aforementioned scheme was perpetrated by Vortec over-billing DOE on its monthly invoices by inflating the hours actually worked on the contract. Vortec, the Hnats and the Eglintons then submitted or caused to be submitted these inflated invoices to DOE. Vortec, the Hnats and the Eglintons used the unpaid balance from these inflated invoices in an attempt to completely reduce the Deferred Revenue account. In so doing, Vortec, the Hnats and the Eglintons were able to reduce, on their books, the liability owed to DOE for the canceled and never purchased materials and equipment. Vortec, the Hnats and the Eglintons identified these fictitious offsets as credits in the material and supplies line item in the Standard Form 1035, Statement of Cost, included as part of the invoices. These credits to material and supplies were

fictitious and created for the sole purpose of hiding Vortec's, the Hnats' and the Eglintons' fraudulent billing scheme.

In another attempt to reduce Deferred Revenue, Vortec, the Hnats and the Eglintons applied the unpaid balance from invoices that were not paid in full by DOE to Vortec's Deferred Revenue account. Vortec, the Hnats and the Eglintons canceled purchase orders totaling approximately \$1,349,168.

On March 21, 2002, at or about the time the Hnats and the Eglintons became aware of the government's investigation of Vortec, James and Patricia Hnat acknowledged to DOE contracting personnel that Vortec owed DOE approximately \$1.3 million for payments they received from DOE for equipment that was ordered, billed to DOE and subsequently canceled under METC contract DE-AC21-92MC29120. It was at or about this time that the Hnats then offered to repay the debt to DOE.

Vortec, through the Hnats and the Eglintons, fraudulently billed to the METC contract personal expenses such as hotel lodging and vehicle maintenance and repairs. These expenses were billed to the contract via indirect rates that Vortec applied to each invoice submitted to DOE. These costs were then submitted to DOE for payment.

Vortec, the Hnats and the Eglintons violated federal statutes and/or common law doctrines, in connection with the billing for goods and services under the METC contract and in connection with SBIR grant number DE-FG02-93ER81555. These fraudulent submissions resulted in a greater reimbursement and payment than that which they were entitled.

F. WHEREAS, the United States alleges that the practices described in Preamble Paragraph E above resulted in the submission of false claims to the Department of Energy actionable under the False Claims Act, 31 U.S.C. §§ 3729-3733;

G. WHEREAS, the Defendants deny the allegations of the United States as set forth in Preamble Paragraphs A, E and F above;

H. WHEREAS, the United States is entering into this Settlement Agreement on the basis of the Defendants purported financial constraints, and in material reliance on the accuracy and completeness of the financial disclosures and representations made by Vortec and the Hnats to the United States;

I. WHEREAS, Vortec, the Hnats and the Eglintons have agreed to comply with any and all contract and grant provisions imposed through any and all contracts they individually or as part of another entity may enter into with any agency of the United States; and

J. WHEREAS, in order to avoid the delay, expense, inconvenience and uncertainty of protracted litigation of the aforementioned claims, the Parties mutually desire to reach a full and final compromise of the civil claims the United States has against the Defendants pursuant to the statutes and terms set forth in Paragraph 2 below and based on the conduct alleged in Preamble Paragraphs A, E and F above, and the Civil Action, except as reserved in Paragraph 3 below.

TERMS AND CONDITIONS

NOW, THEREFORE, in reliance on the representations contained herein and in consideration of the mutual promises, covenants, and obligations in this Agreement, and for good and valuable consideration, receipt of which is hereby acknowledged, the Parties hereby agree as follows:

1. Vortec and the Hnats agree to pay the United States the sum of Four Million-Five Hundred Thousand Dollars (\$4,500,000) (the "Settlement Amount"), payable as follows:

Two Hundred Thousand Dollars (\$200,000) upon the execution of this Agreement;

A. One Hundred Thousand Dollars (\$100,000), payable by certified check to Donald Eastmond and the law firm of Miller, Alfano and Raspanti, P.C., on or before February 28, 2005;

B. The balance of Four Million-Three Hundred Thousand Dollars (\$4,300,000) plus accrued interest, payable from whatever source, including, but not limited to, future business, through the remittance of no less than (1) 6 2/3% of the Hnats Total Income, as that term is defined in Attachment A, and (2) 10% of the net income after taxes of Vortec;

C. Interest on the Settlement Amount shall be assessed at 1.6% over the prime interest rate as set by the Federal Reserve as of the date of the execution of this Settlement Agreement. The interest rate determined in this paragraph shall remain constant throughout the entire term of this Settlement Agreement.

D. The entire Settlement Amount shall be paid in full no later than 7 years following the date of the execution of this Agreement.

E. This settlement amount shall constitute a debt of Vortec and the Hnats, immediately due and owing to the United States upon the execution of this Agreement.

F. Within 30 days after the end of each calendar quarter, the Hnats will submit to the United States and the Relator an accounting of their personal and business income and shall pay to the United States 6 2/3% of their estimated Total Income (as defined in Attachment A) for that quarter. The accounting shall include a certification that it is true, accurate and complete to the best of the Hnats' knowledge and belief. Upon the filing of their individual income tax returns for the calendar year, the Hnats shall provide copies of their return(s) to the United States and to Relator's counsel and shall pay to the United States any remaining portion of the 6 2/3% of their Total Income for that year.

G. Within 30 days after the end of each calendar quarter, the Hnats and/or Vortec will also submit to the United States and the Relator an accounting of Vortec's assets and its estimated net income after taxes (determined in accordance with generally accepted accounting principles) for that quarter. The accounting shall include a certification that it is true, accurate and complete to the best of the Hnats' knowledge and belief. Upon the filing of Vortec's corporate income tax return for the calendar year, the Hnats and/or Vortec shall provide copies of the return(s) to the United States and the Relator and shall pay to the United States any remaining portion of the 10% of Vortec's net income after taxes (determined in accordance with generally accepted accounting principles) for that year.

H. If quarterly reports are not timely, accurate and complete, the United States and Relator's counsel shall reserve the right to petition the Court for such information.

I. With respect to any accounting, tax return or other financial information provided by the Hnats and/or Vortec pursuant to paragraphs 1(G) and 1(H) above, the Relator agrees that he shall not disclose such information to anyone other than his attorney (or anyone assisting his attorney) or in connection with a proceeding in court to enforce the terms of this Agreement.

J. Notwithstanding any other provision in this Agreement, the United States and the Relator will not execute a full and final Release of Claims until the Hnats and Vortec fully and successfully remit payment of the entire settlement amount.

The United States has attached certain real and personal property of the Hnats, as referenced in the United States' Writ of Attachment incorporated by reference herein. The United States' attachment of the property identified in the writ will remain in effect, until the settlement amount has been paid in full. Notwithstanding the above, should the Hnats wish to

have the property released from said writ, fair market value of said property must be paid, in full, to the United States.

1. (i) The Hnats are prohibited from selling, transferring or conveying real or personal property with a cumulative value of \$10,000 or more in any given calendar year to any relative or family member without the prior written approval of the United States and the Relator except that this provision shall not apply to any transfer of real or personal property to any relative or family member for the purpose of paying off a bona fide loan from such relative or family member to the Hnats.

(b) The Hnats are prohibited from selling, transferring or conveying real or personal property with a cumulative value of \$10,000 or more in any given calendar year to any third party, who is not a relative or family member, without providing written notice to the United States and the Relator no later than 10 days after the transfer. Such written notice shall identify the payee and the date, amount, and purpose of the transfer or conveyance.

(c) Vortec is prohibited from selling, transferring or conveying, except in the ordinary course of business, any of its property or assets with a fair market value of \$25,000 or more without prior written approval of the United States and the Relator.

(d) The Hnats and Vortec hereby represent and warrant that they will not transfer, sell, donate or convey any property or assets for the purpose of evading or avoiding in any way their collective

and/or individual obligations to pay the United States and the Relator the full amounts as specified in Paragraph 1 of this Agreement.

(e) The Hnats and Vortec agree to respond to reasonable requests for additional information reasonably necessary for the United States and/or the Relator to verify that a particular transfer, sale or conveyance complies with the conditions, representations and warranties in Paragraph 3 of this Agreement.

2. Vortec and the Hnats warrant and affirm that, to the best of their knowledge and belief, they have fully and accurately disclosed under penalty of perjury to the United States any and all transfers, made at any time within the eighteen months preceding the execution of the Financial Disclosure Form, of real property, personal property, tangible assets, financial holdings, or money, with a fair market value in excess of \$5,000, to any relative, family member or other third party.

3. Subject to the conditions specified in Paragraph 7 below, on full receipt of the payments described in Paragraph 1 above, the United States, on behalf of itself, its officers, agents, agencies, and departments, releases and will be deemed to have released: (i) Vortec; (ii) its predecessors, parents, successors, assigns, transferees; (iii) the Hnats; and (iv) any of their current or former directors, officers, and employees in such capacity, from any civil or administrative monetary claims (including recoupment claims) that the United States has or may have under the False Claims Act, 31 U.S.C. §§ 3729 - 3733 (as amended); the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; or common law theories of payment by mistake, unjust enrichment, breach of contract, and fraud, for the allegations set forth in Paragraphs A, E and F of the Preamble above

with respect to claims submitted or caused to be submitted to the Department of Energy under or in connection with METC contracts DE-AC21-92MC29120, and DE-FL07-97ID13569 and SBIR grant DE-FG02-93ER81555, and for the allegations contained in the Civil Action.

4. Subject to the conditions specified in Paragraph 7 below, on full receipt of the \$200,000 in payments described in Paragraph 1(A) above, and the additional \$100,000 payment described in Paragraph 1(B) above, the United States, on behalf of itself, its officers, agents, agencies, and departments, releases and will be deemed to have released, the Eglintons from any civil or administrative monetary claims (including recoupment claims) that the United States has or may have under the False Claims Act, 31 U.S.C. §§ 3729 - 3733 (as amended); the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801 - 3812; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; or common law theories of payment by mistake, unjust enrichment, breach of contract, and fraud, for the allegations set forth in Paragraphs A, E and F of the Preamble above with respect to claims submitted or caused to be submitted to the Department of Energy under or in connection with METC Contract DE-AC21-92MC29120 and DE-FL07-97ID13569 and SBIR grant DE-FG02-93ER81555 and for the allegations contained in the Civil Action.

5. Notwithstanding any other provision in this Agreement, the United States in this Agreement specifically does not release the Defendants, or any corporate entity referenced in Paragraph 5 above, or any other entity or individual under this Agreement from: (a) any potential criminal liability arising from the subject matter of this Agreement; (b) any potential criminal, civil or administrative claims arising under the Internal Revenue Code, (c) any potential liability to the United States (or any agencies thereof) for any conduct other than (i) the conduct identified in Preamble Paragraphs A, E and F above and (ii) any conduct or

allegations identified in United States ex rel. Donald Eastmond v. Vortec Corporation, E.D. Pa., Civil Action No. 00-6458; (d) any claims against individuals, including current or former directors, officers and employees who are criminally indicted or convicted of an offense, or who enter a criminal plea or administrative agreement, related to the conduct alleged in Preamble Paragraphs A, E and F above; (f) any obligations created by this Agreement.

6. Nothing in this Paragraph precludes the DOE from taking action against the Defendants, or from taking action against any entities or persons, or for conduct and practices, for which claims have been reserved in Paragraph 7 above or otherwise reserved in this Agreement.

7. Within 72 hours of the execution of this Agreement, the Hnats agree to pay to the United States the \$200,000 payment set forth in paragraph 1(A), including all funds contained in the escrow account maintained by Charles Golden, Esquire.

8. Upon payment in full of the \$200,000 referenced in paragraphs 1(A) and 9 above and the additional \$100,000 referenced in paragraphs 1(B) above and 11 below, the Relator hereby releases the Eglintons from any and all claims against them up to the date of this Settlement Agreement and Release, and the Civil Action shall be dismissed with prejudice as to the Eglintons.

9. As described above, the Hnats and/or Vortec shall pay to the Relator and the law firm of Miller, Alfano & Raspanti, P.C., no later than February 28, 2005, the sum of \$100,000.00 as full and final payment for the Relator's attorneys' fees to date and costs owed under 31 U.S.C. Section 3730(d)(1) and for the Relator's claims against the Defendants under 31 U.S.C. Section 3730(h). Upon payment of this \$100,000, both the Relator and Miller, Alfano & Raspanti, P.C. fully and finally release the Defendants for those claims. In the event that the

Hnats and Vortec fail to pay the full settlement amount as set forth herein, the Relator reserves the right to participate in any future proceedings brought by the United States against the Hnats and/or Vortec based upon the allegations in the Civil Action and to recover, if appropriate, (1) any relator's share arising out of such future proceedings and (2) any attorneys' fees and expenses incurred after payment of the \$100,000 referenced above.

10. This Agreement is intended for the benefit of the Parties only, and by this instrument the Parties do not release any claims against any other person or entity except as specifically provided in this Agreement.

11. In consideration of the mutual promises and obligations of this Agreement, and except as provided elsewhere in this Agreement, Relator agrees, on his own behalf and on behalf of his descendants, dependents, heirs, executors, administrators, agents, successors, assigns and/or representatives, upon payment of the full amounts set forth herein, to release and discharge the Defendants and the United States from any and all causes of action as described herein and any claims regarding Relator's employment with Vortec. The Parties further agree that in consideration of the payment in full of the Settlement Amounts, the Civil Action shall be dismissed with prejudice.

12. In consideration of the mutual promises and obligations of this Agreement, the Defendants, on their own behalf and on behalf of their descendants, dependents, heirs, executors, administrators, agents, successors, assigns and/or representatives, have released Relator and his agents from any and all causes of action, resulting from or concerning facts or events described herein. Immediately upon receipt of any portion of the Settlement Amount described herein, the United States shall pay Relator and Relator's counsel jointly the Relator's share. The Relator's share of the first \$200,000 payment is \$48,000, and that the entire Relator's

share exclusive of accrued interest shall be \$1,080,000. To the extent that the Defendants are obligated to pay interest under this Agreement, the Relator shall be entitled to his proportionate share of same.

13. In consideration of the promises and covenants made herein, the Relator agrees that the settlement of this action against the Defendants as set forth in this Agreement, including all allegations in his Complaint against those Defendants is fair, adequate and reasonable under all the circumstances, pursuant to 31 U.S.C. §3730(c)(2)(B).

14. Effective upon the receipt by the United States of the entire Settlement Amount, and the receipt by the Relator and his attorneys of the amount set forth in paragraphs 11 and 14 above, the Relator, on his own behalf and on behalf of his descendants, dependents, heirs, executors, administrators, agents, successors, assigns, representatives and any party acting for or on behalf of or claiming under the Relator (collectively, the “Releasers”), release and discharge the Defendants, their divisions, subdivisions, affiliates, predecessors and successors, and all of the present and former partners, Managing Directors, officers, employees, agents and representatives of each such person or entity (the “Released Parties”) from any and all claims, causes or rights of action, demands, liabilities or penalties of any kind or nature whatsoever, known or unknown, in law, in equity or otherwise, that the Relator had, has or may have, either in an individual or representative capacity, including without limitation any and all claims arising out of, in connection with or relating in any way to, any conduct, act, transaction, occurrence or failure to act in connection with the matters that were or might have been alleged in the Civil Action.

15. The Defendants hereby agree that they will waive and will not assert any defense which may be based in whole or in part on the Double Jeopardy Clause of the

Constitution as set forth in the holding or principles in United States v. Halper, 490 U.S. 435 (1989), in any criminal prosecution based on the conduct alleged in Preamble Paragraphs A, E and F above, and agrees that the amounts paid under this Agreement are not punitive in nature or effect for purposes of such criminal prosecution. Nothing in this Agreement constitutes an agreement by the United States concerning the characterization of the amounts paid hereunder for purposes of any proceeding under Title 26 of the Internal Revenue Code.

16. With respect to the Civil Action, after this Agreement is executed, the United States will notify the Court in the Eastern District of Pennsylvania that the Parties have stipulated that the claims of the United States and the Relator in the pending Civil Action shall be dismissed with prejudice effective on full receipt of the payments described in Paragraphs 1, 11, and 14 above by the United States, the Relator, and the Relator's attorneys, pursuant to and consistent with the terms of this Agreement. The United States, on behalf of all Parties, will further request that the Court retain jurisdiction pursuant to Kokkonen v. Guardian Life Ins. Co. of Am., 511 U.S. 375, 378 (1994), to enforce the terms of this Settlement Agreement.

17. The Defendants are precluded from submitting any claims to the Department of Energy for goods or services billed but not yet reimbursed and agree not to appeal such denials of claims, where such denial resulted from the practices described in Preamble Paragraph E above or in the Civil Action.

18. The Parties agree that this Agreement does not constitute an admission by any person or entity with respect to any issue of law or fact.

19. This Agreement shall be binding only on the Parties, their successors, assigns, and estates as described herein.

20. The Hnats, in their individual capacity and on behalf of Vortec as its signatories represent and warrant that they are signing this Agreement in their individual and official capacities and are fully empowered and authorized by the Board of Directors of Vortec to execute this Agreement. The undersigned United States signatories represent that they are signing this Agreement in their official capacities and that they are fully empowered and authorized to do so.

21. This Agreement shall become final and binding only on signing by each respective party hereto.

22. This Agreement may not be changed, altered or modified, except in writing signed by the United States, the Relator and the Defendants, if applicable, the Party against whom the change, alteration, or modification is asserted.

23. The Hnats have provided certain financial disclosures to the United States regarding outstanding tax liabilities owed to the Internal Revenue Service, and the United States and the Relator have materially relied on the accuracy and completeness of these disclosures in reaching this Agreement.

The Hnats warrant that the financial disclosures were thorough, accurate, and complete to the best of their knowledge and belief. The Hnats further warrant that they have not knowingly made any misrepresentations on, or in connection with, the financial information provided.

In the event the United States and/or the Relator learns of asset(s) in which the Hnats have or had an interest at the time of this Agreement which were not disclosed, or in the event the United States and/or the Relator learns of a knowing misrepresentation by the Hnats on, or in connection with, the financial disclosures, the United States and/or the Relator may at its option

rescind this Agreement and reinstate its suit against the Hnats and/or Vortec upon the underlying claims described in paragraphs A, E and F of the Preamble.

24. In the event the Defendants commence, or a third party commences, within 91 days of the effective date of this Agreement, any case, proceeding, or other action (a) under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have any order or relief of the Defendants' debts, or seeking to adjudicate the Defendants' or any of their affiliates as bankrupt or insolvent, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for the Defendants for all or any substantial part of the Defendants' assets the Defendants agree as follows:

(a) The Defendants' obligations under this Agreement may not be avoided pursuant to 11 U.S.C. Section 547, and the Defendants will not argue or otherwise take the position in any such case, proceeding or action that: (i) the Defendants' obligations under this Agreement may be avoided under 11 U.S.C. Section 547; (ii) The Defendants were insolvent at the time this Agreement was entered into, or became insolvent as a result of the payment made to the United States and/or Relator hereunder; or (iii) the mutual promises, covenants and obligations set forth in this Agreement do not constitute a contemporaneous exchange for new value given to the Defendants.

(b) In the event that the Defendants' obligations hereunder are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, the United States, as its sole option, may rescind the releases in this

Agreement, and bring any civil and/or administrative claim, action or proceeding against the Defendants or any other named defendant in the Complaint for the claims that would otherwise be covered by the releases provided in the Paragraphs above. If the United States chooses to do so, the Defendants agree that: (i) any such claims, actions or proceedings brought by the United States and/or the Relator (including any proceedings to exclude the Defendants from participation in any future DOE programs) are not subject to an “automatic stay” pursuant to 11 U.S.C. Section 362(a) as a result of the action, case or proceeding described in the first clause of this Paragraph and that the Defendants will not argue or otherwise contend that the United States’ and/or the Relator’s claims, actions or proceedings are subject to an automatic stay; (ii) the Defendants will not plead, argue or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel or similar theories, to any such civil or administrative claims, actions or proceeding which are brought by the United States and/or the Relator within 180 calendar days of written notification to the Defendants that the releases herein have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on the effective date of this Agreement; and (iii) the United States and/or the Relator have a valid claim against the Defendants and the United States and/or the Relator may pursue their claims, inter alia, the case, action or proceeding referenced in the first clause of this Paragraph, as well as in any other case, action or proceeding.

(c) The Defendants acknowledge that its agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

25. Each party to this Agreement will bear its own legal and other costs incurred with this matter, including the preparation and performance of this Agreement, with the exception of legal fees and costs incurred by Relator which shall be paid by the Hnats and/or Vortec pursuant to paragraphs 10 and 11 of this Settlement Agreement.

26. In the event that the United States, pursuant to paragraph 25, above, opts to rescind this Agreement, the Vortec and the Hnats expressly agree not to plead, argue or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel or similar theories, to any civil or administrative claims which: (1) are filed by the United States and/or the Relator within 15 calendar days of written notification to Vortec and the Hnats that this Agreement has been rescinded; and (2) relate to the conduct described in Preamble Paragraphs A, E and F or the Civil Action, except to the extent these defenses were available on the date the underlying suit was filed.

27. Any communication required under this Agreement must be in writing and must be given personally, by FedEx, or by registered or certified mail, postage prepaid, as follows:

Vortec Corporation 3770 Ridge Pike Collegeville, PA 19426

Dr. James G. Hnat
Patricia A. Hnat
3774 Lewis Road Collegeville, PA 19426

Yvonne Eglinton
Glenn Eglinton
1290 Quarry Hill Road Norristown, PA 19403

To the United States:

Cedric D. Bullock, Esquire
Assistant United States Attorney
615 Chestnut Street, Suite 1250
Philadelphia, PA 19106
To Relator:

Marc S. Raspanti, Esquire
Miller, Alfano & Raspanti, P.C.
1818 Market Street, Suite 3402
Philadelphia, PA 19103

at the above addresses, or as otherwise designated by notice. Notice by personal delivery (messenger or otherwise) shall be effective upon actual receipt. Notices by mail will be effective three (3) calendar days after mailing. Notices FedEx will be effective upon confirmation of delivery by FedEx.

28. This Agreement shall be governed by the laws of the United States. The parties agree that the exclusive jurisdiction and venue for any dispute arising under this Agreement shall be the United States District Court for the Eastern District of Pennsylvania.

29. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which shall constitute one and the same Agreement.

30. This Agreement is effective on the date signed by the last signatory.

UNITED STATES OF AMERICA

By: _____ Dated: _____
Gordon Jones
United States Department of Justice

By: _____ Dated: _____
Mark Johnston
United States Department of Energy

By: _____ Dated: _____
Virginia A. Gibson
Assistant United States Attorney
Chief, Civil Division

By: _____ Dated: _____
Cedric D. Bullock
Assistant United States Attorney

VORTEC CORPORATION

By: _____
Dr. James G. Hnat
Individually and on behalf of Vortec Corporation

By: _____
Patricia A. Hnat
Individually and on behalf of Vortec Corporation

By: _____
Yvonne Eglinton
Individually

By: _____
Glenn Eglinton
Individually

RELATOR AND COUNSEL

By: _____
Donald Eastmond
Relator

By: _____
Marc S. Raspanti, Esquire
Michael A. Morse, Esquire
Miller, Alfano & Raspanti, P.C.
Attorneys for Relator, Donald Eastmond

ATTACHMENT A

As used in paragraphs 1(C) and 1(G) of this Agreement, the term Total Income shall have the following meaning with respect to the Hnats:

“Total Income” is defined as follows:

1. Total Income shall have the same definition as Form 1040, Schedule A, Line 22 of the 2003 Federal Income Tax Return.
2. Total Income from A1 above is to be modified in the following manner:
Items to be excluded are net operating loss and capital loss carryovers, distributive share of income/loss from partnerships, S Corporations and other pass through entities. Items to be added are: guaranteed payments and other cash or property distributions received from partnerships, S Corporations or other pass through entities, tax exempt interest and dividends (as defined in Form 1040, Schedule A, Line 8b of the 2003 Federal Income Tax Return), and tax exempt income received from Pensions and Annuities (as defined in Form 1040, Schedule A, Line 12a of the 2003 Federal Income Tax Return).

B. Defendants represent and warrant that in calculating “Total Income” for purposes of this Agreement, they will not attempt to evade, delay, avoid, reduce or modify their obligations to pay the full amounts identified in Paragraph 1 of the Agreement.

C. Plaintiffs reserve the right to seek permission from the Court to, upon a showing of good cause, audit the records of any entity in which Defendants, collectively or individually, have a controlling interest, to verify that the Hnats’ “Total Income” has been calculated consistent with the terms of this Agreement.